

[AS INTRODUCED IN THE NATIONAL ASSEMBLY]

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BILL

further to amend the fiscal laws to eradicate "Interest/Riba"

WHEREAS, it is expedient further to amend the fiscal laws to eradicate interest (riba) by amending the certain fiscal laws and for the purposes hereinafter appearing.

It is hereby enacted as follows:-

1. **Short title, extent and commencement.**- (a) This Act may be called "The Eradication of Riba Act, 2019.
(b) It shall extend to the whole of Pakistan.
(c) It shall come into force at once.
2. **Amendment in the Code of Civil Procedure, 1908 (V of 1908).**- The provisions relating to interest contained in the following Sections and the word "interest" wherever appearing in the code in the meaning of Riba and in sections 2(12), 34, 34A, 34B, 35(3), 144(1) of the Code of Civil Procedure 1908 be deleted and paragraphs reorganized and substituted appropriately.
3. **Amendment in Contract Act 1872 (IX of 1872).**- The provision relating to interest contained in the Act and the word "interest" wherever appearing in the meaning of Riba in the Contract Act 1872 and in section 74 of the Contract Act 1872 be deleted and paragraphs reorganized and substituted appropriately.
4. **Amendment in Negotiable Instruments Act, 1897 (VI of 1897).**- The provision relating to interest contained in the Act and the word "interest" wherever appearing in the meaning of Riba in the Negotiable Instruments Act 1897, and in section 80 of the Negotiable Instruments Act, 1897 be deleted and paragraphs reorganized and substituted appropriately.
5. **Amendment in State Bank of Pakistan Banking Services Corporation Ordinance, 2001 (XVII of 2001).**- The provision relating to interest contained in the Ordinance and the word "interest" wherever appearing in the meaning of Riba in the State Bank of Pakistan Banking Services Corporation Ordinance, 2001 be deleted and paragraphs reorganized and substituted appropriately.
6. **Amendment in Banking Companies Ordinance, 1962 (LVII of 1962).**- The provision relating to interest contained in the Ordinance and the word "interest" wherever appearing in the meaning of Riba in the Banking Companies Ordinance, 1962 be deleted and paragraphs reorganized and substituted appropriately.

7. **Amendment in Banks Nationalization Act, 1974 (XIX of 1974).**- The provision relating to interest contained in the Act and the word "interest" wherever appearing in the meaning of Riba in the Banks Nationalization Act, 1974 be deleted and paragraphs reorganized and substituted appropriately.
8. **Amendment in the Micro-Finance Institution Ordinance, 2001 (LV of 2001).**- The provision relating to interest contained in the Ordinance and the word "interest" wherever appearing in the meaning of Riba in the Micro-Finance Institution Ordinance, 2001 be deleted and paragraphs reorganized and substituted appropriately.
9. **Amendment in the Pakistan Insurance Corporation (Re-organization) Ordinance, 2000.**- The provision relating to interest contained in the Ordinance and the word "interest" wherever appearing in the meaning of Riba in the Pakistan Insurance Corporation (Re-organization) Ordinance, 2000 be deleted and paragraphs reorganized and substituted appropriately.
10. **Amendment in Government Saving Banking Act, 1873 (V of 1873).**- The provision relating to interest contained in the Act and the word "interest" wherever appearing in the meaning of Riba in the Government Saving Banks Act, 1873, be deleted and paragraphs reorganized and substituted appropriately.
11. **Amendment in the Insurance Act, 1938 (IV of 1938).**- The provision relating to interest contained in the Act and the word "interest" wherever appearing in the meaning of Riba in the insurance Act, 1938, be deleted and paragraphs reorganized and substituted appropriately.
12. **Repeal of Laws:** Interest Act, 1839 (XXXII of 1839) is hereby repealed.

STATEMENT OF OBJECTS AND REASONS

Article 31 of the Constitution of Islamic Republic of Pakistan reads as: (1) steps shall be taken to enable the Muslims of Pakistan, individually and collectively to order their lives in accordance with the fundamental principles and basic concepts of Islam and to provide facilities whereby they may be enabled to understand the meaning of life according to the holy Quran and Sunnah.

Elimination of interest based system is concern of all citizens in Pakistan. The prohibition extends to all loans and transaction in which we are a part whether national or foreign. What is our concern is to revisit any agreement made by any government in the past or present under Islamic Law.

Council of Islamic Ideology had submitted detailed reports in 1980 and there is also report of the Commission for Islamization of Economy constituted in 1991, and the final report of the same Commission, reconstituted in 1997 which was submitted in August, 1997.

There is also report of the Prime Minister's Committee on Self-Reliance, submitted to the Government in April, 1991.

It was made clear that interest in all its forms is riba and as such clearly against Islam; the nation must not be confused by differentiating between interest or usury or bank interest and non-bank interest, simple or compound, individual or institutional, public or private. Riba covers all these dimensions of interest.

It was also made clear that Twenty-eight specific laws come to the conclusion that all of them do have interest which is repugnant to Quran and Sunnah.

The country should move towards a riba-free system which is a success in this life and hereinafter.

One economic scholar describes the situation in the way that it is unfortunate that successive governments have been raising the slogans of self-reliance but for all practical purposes have chosen to remain in confront zone by enhancing reliance on interest based debt.

He further said that imprudent economic policies of the successive governments, large scale corruption, exorbitant expenditures, continued dependence on interest based economy and lack of desire to achieve self-reliance have resulted in slower rate of economic growth, rising unemployment ever rising quantum of domestic and foreign debt and stagnation in exports and continued imports of locally available resources.

There is report that the over 200 financial institutions all over the world including Europe and the United States are already successfully working on interest free system and they are growing their business three times more when compared with those organizations working on interest based system.

Sd/-

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Member-in-Charge**